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CANADA AT WAR

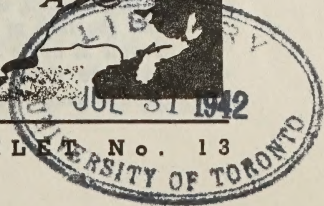
No. 16

JULY

1942



SUPPLEMENT TO BOOKLET No. 13





Bill For War

THIS YEAR the Dominion Government will spend \$3,900,000,000—equal to \$339 for every person in the country. War will take at least \$3,200,000,000 of this sum, equivalent to \$278 for every Canadian.

Unparalleled in Canadian history, these expenditures reveal the way in which the energies and wealth of the nation are being turned to total war.

The money being spent on the armed services and in helping sustain the effort of the United Kingdom will nearly equal the cost of eight years of ordinary peacetime activity.

It will be twice the amount spent in the whole of the First Great War from 1914 to 1920, and \$1,000,000,000 more than the amount spent in the first two years and seven months of the present conflict.

The material price to 11,500,000 Canadians of waging war will be in a further decline in living standards—in the goods and services of peace which they will have to forego.

Speaking of the sacrifices necessitated by the wartime budget, the Finance Minister stated:

"Will this mean a reduction in our standard of living? Certainly. The war will not be won disputing as to whether labor or agriculture or employer or employee should get a larger share of a swollen national income. It will be won, not alone by the valour of fighting forces and the skill of generals but by the willingness of the people at home to make necessary sacrifices—willingness to make those sacrifices first and not after all other groups have made them."

Taxes Sharply Increased

The progressive increase of government costs since Canada entered the war indicates the growing magnitude of the Canadian effort in making the machines of war and in men in the armed services. To March 31, 1942, the Dominion Government made the following expenditures:

	Non-War	War	Total
1939-40 (7 months war)	\$ 562,503,000	\$ 118,291,000	\$ 680,794,000
1940-41	497,556,000	752,045,000	1,249,601,000
1941-42 (estimated) ..	543,413,000	1,351,553,000	1,894,966,000
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	\$1,603,472,000	\$2,221,889,000	\$3,825,361,000

Sharp taxation increases have been made to find the necessary money. New commodities and services are being taxed this year and existing taxes are increased to the highest level in history.

It is expected that with these widespread increases the government will raise \$2,050,000,000. This revenue is approximately 53% of total expenditures estimated for the year, and reveals that the government is raising taxes to the highest practicable level to conform with its "pay-as-you-go" policy. Five times as much will be paid in taxes this year as in an ordinary peacetime year.

Despite this record revenue there will be a deficiency of \$1,755,000,000. It is estimated that two-thirds, or \$1,170,000,000 of this amount, will have to be provided by the purchase of war loans and war savings certificates. So, while Canadians will have their personal incomes considerably reduced by new taxes, they will also have to provide from their savings a large proportion of war costs.

Payments by Instalments

Income tax and national defence tax, which were formerly collected separately, will be raised as a single assessment and collected as far as possible at the source. Where that is impracticable, it will be collected by compulsory instalments. The tax will apply to 1942 incomes

but will be collected over the 12 months from September this year to next August. A portion of the tax will be refundable after the war and carry interest at 2%.

The new schedule of direct tax payments represents a sharp increase over any such tax previously borne by Canadians. A few representative incomes and the income taxes deductible from them are shown in the following table. It is assumed that all incomes up to \$30,000 include earned income of that amount and additional investment income to make up the total.

Annual Income	Tax at present rates	Proposed Increase in Tax Alone	Tax at Proposed new rates	Refundable portion, or minimum savings requirement	Total, i.e. New tax plus refundable portion, or Minimum savings requirement
SINGLE PERSONS, WITHOUT DEPENDENTS					
1,000	87	5	92	80	172
1,500	217	30	247	120	367
2,000	340	101	441	160	601
3,000	622	202	824	240	1,064
5,000	1,332	396	1,728	400	2,128
10,000	3,600	712	4,312	800	5,112
50,000	28,392	6,511	34,903	800	35,703
500,000	411,720	60,584	472,304	800	473,104
MARRIED PERSONS, WITH 2 CHILDREN					
1,250	22	— 6	16	16	32
1,500	35	—10	25	24	49
2,000	60	47	107	108	215
3,000	215	119	334	334	668
5,000	735	327	1,062	600	1,662
50,000	26,437	6,700	33,137	1,200	34,337
500,000	400,408	61,130	461,538	1,200	462,738

Luxuries Heavily Taxed

Business and industry will bear its share of the new taxes. Rates on excess profits taxes are being increased from 75% to 100%, with 20% of the profits collected returned after the war. Excess profits taxes, and income taxes in the case of corporations shall be paid by monthly instalments.

Substantial increases are made on taxes on luxury goods to discourage expenditure on these goods and promote savings.

Duties on alcoholic beverages, already heavily taxed, are being further increased.

Cigarette tax is increased by one cent for each five cigarettes. A package of standard brand cigarettes containing 22 will now cost the purchaser 30 cents, instead of 25 cents. A tax of one cent an ounce is added to the existing tobacco tax.

Transportation tax will be increased from 10% to 15% of the value of the tickets, and pullman berth tickets will be raised by a similar percentage. The tax on long distance telephone calls will be moved up from 10% to 15%, while a tax of 25 cents a month is being placed on extension telephones. Telegraph and cable taxes will be seven cents a message instead of five cents. The tax on furs is increased from 12% to 25%. Numerous other increases are made. New taxes of 30% are placed on candy and chewing gum; photographic supplies, 25%; jewellery, cut glassware, china, porcelain, ash trays, tobacco pipes, fountain pens, lighters, trunks, suitcases, baggage and luggage of all kinds, clocks and watches, and numerous other items, 25%; dance halls, night-clubs, cabarets, a new tax of 20%; insurance premiums, a new tax of 2%.



Sea Battle Shifts Westward

CANADIAN veterans of the grim Battle of the Atlantic, along with the Royal Navy, are now aiding the anti-submarine forces of the United States Navy combat Axis submarines attacking United Nations shipping on this side of the Atlantic.



The movement of Canadian and British naval units from the North Atlantic to United States waters signifies the seriousness with which the shipping losses in American waters is regarded and the changing emphasis of U-boat attacks. Since the United States entered the war U-boats have been preying on United Nations shipping off the Atlantic coast of the United States and in the Caribbean, and the change in German strategy has reaped a rich harvest in badly needed merchant tonnage. An unofficial count of losses in these waters since the United States entered the war reveals that nearly 400 vessels have been lost, more than twice the total Canadian merchant shipbuilding program now under way.

Axis Attacks in Americas

The situation on the approaches to Great Britain has improved with the shifting of the Axis sea attack to the detriment of the Allied position in American waters. So far the anti-submarine forces concentrated in this new area of warfare have been unable to give sufficient convoy protection to merchant vessels to disrupt the systematic, ruthless campaign of Axis submarines. Torpedoes are being reserved by the U-boats for tanker tonnage, a strategy which when coupled with other aspects of global warfare has grave implications.

If the Axis is successful in wresting control of the Caucasus and the Middle East the last important reservoirs of oil in Europe and Asia will be lost to the Allies, leaving them dependent upon the Americas for oil. In that event a

bridge of tankers from the Americas to every theatre of war would be necessary to the United Nations.

Loss of these vessels at present is greater than the ability of United Nations shipyards to replace them and there has been no evidence that the rate of sinkings is diminishing.

Japs Extend Operations

While the Royal Canadian Navy is fighting German and Italian U-boats on the east coast of the continent and in the Caribbean, Japanese submarines are extending their operations off the West Coast of Canada.

For the first time in this war enemy shells have fallen on Canadian soil. A vessel or vessels of unknown nationality shelled Estevan Point, Vancouver Island, on the West Coast, for 40 minutes, but inflicted no material damage or casualties.

Coming shortly after submarine attacks in the St. Lawrence River, the attack emphasized the difficult task of the Navy in protecting Canadian territory as well as aiding in convoying shipping of the United Nations. The burden of patrolling the thousands of miles of indented, rocky coastline of the Pacific has been eased considerably by the Fishermen's Volunteer Reserve, which is guarding against the intrusion of Japanese submarines into these waters, as well as keeping the coastal waters free of mines.

The immediate and urgent need of the Navy is for hundreds of small vessels, such as corvettes, destroyers, minesweepers, and patrol boats being made in Canadian shipyards. These ships are the answer to Hitler's growing horde of undersea boats, and the struggle to maintain the lifelines of the Allied Nations depends upon how many and how soon these vessels are built. The struggle for control of the seas is, in fact, as much a fight between the workmen of the United Nations and German-dominated Europe as between the rival navies.

The Core of Military Might

THIS is a mechanized war. The tank and the plane are weapons of 1942. The infantryman has been put on wheels. He moves as far in an hour as he did in the previous war in a whole day. The pace of battle has been trebled and quadrupled.



Throughout this amazing evolution of tactics the basic function of the infantryman remains unchanged. Mechanization has brought warfare into the open field, restored movement, and made possible the stunning force of the blitzkrieg. But the infantryman is called upon to do the same things he has for centuries.

He exploits the break-through of tanks as he did of cavalry; follows the deathly scythe of aerial assault, as he did the artillery barrage of the First World War; and he defends to the death fortified positions, as he did at Sebastopol.

The 1942 foot soldier has come a long way from 1918. He is virtually a walking arsenal—a tough, self-reliant unit of a fighting machine.

Natural Shock Trooper

While the mechanical monsters of this war have received the spotlight, no engagement of the war has been won without infantry. The Canadian General Staff does not expect any to be won without foot-soldiers and is making its preparations accordingly.

In building up its infantry divisions the Army has been able to find plenty of good material. The average Canadian is among the healthiest in the world. Descended from vigorous pioneer stock, well educated and used to the outdoors, he is excellent military material. His mechanical knowledge, his experience in the woods or prairies, his competitive athletic training qualify him as the best of shock-troopers or commandos.

Accepted by the Army as medically fit, the recruit is given a grilling four months of training. He first learns the tedious rudiments of drill, but the real work begins when he has adjusted himself to army routine. Rifle drill and exhausting bayonet work follow. To develop the stamina of the recruit, route marches begin about the third week. The distances gradually increase from four to six miles. To teach him the value of geographical position, and the use of camouflage, map reading and fieldcraft are stressed.

Tools of War

The infantry man soon learns the weapons he is to use. The mysteries of the standard rifle are unbared. He learns to use the anti-tank rifle, upon which one day his life may depend. He is taught the mechanism of the Bren gun, the standard machine gun of all British forces. Canadians have proved themselves outstanding marksmen.

Because he is the man most likely to face a poison gas attack, gas protection is a "must" in an infantryman's education. Tear gas is used in basic training gas chambers, but nauseating nose gases are added in advanced bases. For respirator tests, all soldiers overseas must pass through the gas chamber once every three months.

A recruit graduates from basic training two months after enlistment. But two more months of advanced work are needed before he is considered fully trained. Drill periods are cut to a minimum, but he encounters more and longer route marches, more active map reading, more weapon work and field manoeuvres.

Ready for Battle Drill

At the end of four months, the trained infantryman is ready to go overseas. Highly educated in modern warfare, he is an individual fighting machine, a potential shock trooper and commando.

Overseas his training is polished up under conditions as near to actual combat as can be simulated.

With two and a half years experience in the United Kingdom, Canadian infantrymen are waiting to go into battle, the most highly trained troops that have ever represented the Dominion.

Experience in actual combat is quickly applied to training methods and infantry tactics are under constant revision to bring them into line with the most modern practice.

Teamwork In the Air

WHILE one of the most critical battles of the war is raging in Russia, airmen of the British Empire are laying waste German industrial cities. The enemy is winning victories abroad but suffering defeat at home. Thousand-plane raids are ranging from the Rhine to the Baltic, shattering Germany's industrial might.



The list of destroyed industrial centres is long: Luebeck, Rostock, Augsburg, Cologne, Essen, Bremen, Emden, Wilhemshaven—but the program of systematic destruction of vital targets has just begun.

Many of the men in the great British-based bombers were trained in Canada. The British under-secretary for air, Captain Harold Balfour, has stated that without the thousands of graduates from the schools of the British Commonwealth Air Training Plan raids of this magnitude would not have been possible.

By the new agreement which went into operation July 1, and will extend to March 31, 1945, the Plan is being greatly increased. The numbers of air observers and air navigators to be trained will be approximately doubled. This will mean a great increase in the capacity of a large majority of existing air observer schools.

All Airmen Specialists

Another recent development is increased specialization in the training of aircrew. Some categories have been subdivided. There are now 10 specialized aircrew functions: single-engined and twin-engined pilot; co-pilot; flight engineer; air observer; navigator; air bomber; wireless operator (air observer); wireless air gunner; air gunner, radio observer. In the multi-engined bombers there is less need for duplication of duties. By training more extensively in one specialty each member of the crew can do his job better.

The R.C.A.F. after nearly three years of rapid growth is a powerful fighting force and it is still expanding steadily.

In modern air combat individualists do not live long.

From the day a recruit reports at a Manning Depot he is taught teamwork. He learns to march in step and fly in formation. Initiative and self-reliance are encouraged but there is a theme running through the entire training program—the importance of teamwork.

Precision In Attack

In the last war Canadian airmen established a reputation for skill and daring and Canadian aces got record “bags”. But air combat then was more of a “man-to-man” encounter. Today even fighter pilots fight in formation and must be quick to come to the aid of any plane in their squadron that is in danger. There is less opportunity to get double figure credits for planes destroyed. There is seldom time to watch for the crash of an enemy machine that falls out of line, shattered by the concentrated fire of machine-gun and cannon. The successful pilot must turn to engage or avoid another enemy or to rescue a squadron-mate.

To bring 1,000 planes over a German target at night in 90 minutes or less requires the finest flying precision and teamwork. In air combat and in these massive night raids Canadian airmen and other B.C.A.T.P. graduates are

proving the excellence of their training. The flying schools of Canada are sending airmen to every theatre of war where Empire troops are fighting.

In hundreds of R.A.F. squadrons there are thousands of Canadian airmen. Canadian squadrons are stationed on flying fields that almost encircle the globe. They are guarding Ceylon. They are flying in the Middle East and in England. In Canada both coasts are being constantly patrolled, and in Alaska Canadian squadrons are ready to meet the Japanese invaders of the Aleutian Islands.

Battle of Production

AT NO TIME since the beginning of the war has the need for supplies and munitions of war been so urgent as now.

The immense scope of the munitions program is shown by the amount of war contracts awarded and commitments made on Canadian, United Kingdom and other accounts by the Department of Munitions and Supply from July 15, 1939, to June 30, 1942. These total \$4,877,063,532, approximately half of which is for Canadian account. A few of the major groups of this account follows:

Shipbuilding	\$437,369,973
Aircraft	420,248,713
Land transport	227,813,038
Construction and defence projects.....	224,610,982
Ordnance	211,644,479
Clothing	160,344,302
Munitions	72,927,512

War Workers Total 800,000

The growth of the Canadian war production program is also indicated by an increase in the number of contracts from 4,048 in the second quarter of 1940 to a record figure of 18,029 in the same period of this year.

To translate these commitments into ships and planes and guns, more than 900 new workers a day have been given employment since the beginning of the year. The Minister of Munitions and Supply estimates that 800,000 workers are now engaged in providing the necessary materials or in manufacturing war munitions and in constructing munitions plants and defence projects. Of this number 120,000 are women. In some plants women equal or outnumber men and in the next several months women will be needed in increasing numbers to carry the war production program to its peak.

The aircraft industry has grown rapidly since the outbreak of war until there are 50,000 now directly or indirectly employed in producing the 400 planes being completed each month. In the building of the 172 merchant ships and of the 700 naval vessels so vital to victory in the battle of the sealanes, 60,000 Canadian men and women are hard at work. In the chemicals and explosives plants, 45,000 workers are producing more in six months than in the four years of the last war. There are 67,000 directly or indirectly employed in automobile factories and tank arsenals. They have made well over 250,000 military vehicles.

Weapons for the Allies

Canadian-made munitions are moving to every battle-front in great quantities. Russia has received hundreds of tanks, Bren gun carriers, guns and ammunition. China has received munitions and guns. Vast quantities of tanks and motor transport have gone to Egypt. Britain has received invaluable shipments and at home Canadian defences are being strengthened from surplus production.

The munitions program continues to expand. Another 85,000 workers will be needed by the end of this year, and the total employed directly and indirectly in war production will grow to 910,000 early next year when peak output for the present program is reached.

Canada is supplying the United Nations with a great volume of munitions, as well as with the essential raw materials. More than 40% of the aluminum needed to build great air fleets is produced in Canada. Another strategic metal vitally needed for war purposes is nickel, of which Canada produced 95% of the world's pre-war requirements. Copper, zinc, lead and certain rare metals are also exported.

In the battle of production Canada's great natural resources and the increasing flood of Canadian-made munitions are weighting the balance towards victory.

Manning the Machines of War

CANADA'S limited manpower resources are being completely mobilized to fill the quotas of the armed services and to obtain maximum munitions production.



The need for men is great. There are almost 500,000 men in uniform. There were 80,340 men placed on strength in the first five months of the year and this rate of increase must be maintained. The age range for compulsory military service has been broadened and is now from 20 to 40 years. The number called up each month has increased from 8,000 in June to 15,000 in July and in August will reach 25,000. To continue the present program of war production an additional 85,000 workers must be engaged by war industries by the end of 1942.

Manpower Situation "Tight"

In a survey of the manpower situation, the Minister of Munitions and Supply estimated that there are 1,300,000 in the services and directly or indirectly engaged in war production. There are 1,350,000 agricultural workers, and 300,000 in essential utilities and mining. These are doing vital work and cannot be spared for other duties. The only

large pool of workers available is the 2,000,000 now employed in civilian industries. Of these, perhaps 500,000 could be diverted to war work and to the three services by a drastic curtailment of the standard of living. There are also 100,000 more young Canadians each year to enlist in the fighting forces or in the factories, and there is a small reserve of workers among married women, and those that return to work from retirement or who work after reaching retirement age.

Of a total population of 11,500,000 there are nearly 5,000,000 in industry or in the three services. Relatively few are unemployed. To select men and women for the work they are best qualified to perform, National Selective Service regulations have been greatly extended.

To find exactly how many men and women are available an inventory is being made. Every employer covered by the Unemployment Insurance Act must register all his employees. Men from 16 to 69 that are without employment must register every two weeks until employed.

Selective Service Extended

To anticipate war industry's needs for additional workers and to use all those available as effectively as possible in the work they can best do, every employer must notify the local employment office of vacancies and of anticipated lay-offs from, or additions to, his staff. He must employ only those workers that have been referred to him, or approved, by a Selective Service officer.

This new order controlling employment supersedes the restrictions on the employment of men in certain occupations. All workers—men and women—are subject to the new regulations. The most important exceptions are for agricultural laborers and scientific and technical personnel, who under existing rules require permission to change their employment. Employees of provincial governments are also excepted.

Booklet No. 16 is a supplement to No. 13, which was a survey of Canada's part in the war to April 1, 1942. It contains outstanding developments for the month to July 1, and should be used with No. 13 and supplements No. 14 and 15 to obtain a cumulative record of Canada's war effort.



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